

Message Text

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ORIGIN SS-30

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R 292237Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

C O N F I D E N T I A L STATE 112542

EXDIS

E.O. 11652: GDS

TAGS: EFIN, BEXP, ID, EXIM

SUBJECT: ADVANCE REPAYMENT OF OUTSTANDING GOI DEBT TO
EXIM BANK

REF: JAKARTA 5421

1. EXIM AND TREASURY HANDLING OF RECENT VISITS BY
BAPPENAS OFFICIAL SALEH AFFIF AND PERTAMINA'S GEN. IBNU,
RESPECTIVELY, SUGGEST THAT THIS SUBJECT IS NOW BEING GIVEN
VERY LITTLE ATTENTION BY EITHER AGENCY.
2. DURING SALEH AFFIF MAY 16 CALL PRESIDENT CASEY ALLUDED
TO BANK'S UNHAPPINESS OVER RESCHEDULED GOI DEBT BUT DID
NOT BRING UP SUBJECT OF ADVANCE REPAYMENT.
3. ACCELERATED REPAYMENT INCLUDED AMONG BRIEFING MATERIALS
PREPARED FOR SECRETARY SIMON'S MAY 22 MEETING WITH IBNU,
BUT SUBJECT NOT RAISED. OTHER TREASURY OFFICIALS WHO
ACCOMPANIED SECRETARY SHULTZ TO JAKARTA HAVE REPORTEDLY
NOT PURSUED MATTER SINCE THEIR RETURN TO WASHINGTON.

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4- SINCE MAY 7 DION-TOUSSAINT LETTER, DEPT HAS LEARNED

OF JANUARY 25, 1971 MEETING OF NATIONAL ADVISORY COUNCIL (NAC), AT WHICH EXIM PRESIDENT KEARNS PROPOSED THAT GOI'S PAYMENT OF RESCHEDULED DEBTS TO AGRICULTURE (FOR PL 480 COMMODITIES), AID (FOR A FORMER ECA LOAN), AND DEPT (FOR

SURPLUS PROPERTY) BE SUBORDINATED TO GOI'S PAYMENT OF ITS RESCHEDULED DEBTS TO EXIM BANK. NAC, INCLUDING TREASURY SECRETARY KENNEDY, VOTED AGAINST KEARNS' PROPOSAL, WHICH IN ANY EVENT WAS REPORTEDLY FOR RECORD ONLY. IT HAS BEEN SUGGESTED TO EXIM AND TREASURY OFFICIALS THAT ANY ATTEMPT PRESS FOR ADVANCE REPAYMENT OF GOI DEBT TO EXIM IS LIKELY REOPEN THIS ISSUE (WHICH CAUSED DELAY IN USG SIGNING OF DEBT RESCHEDULING AGREEMENT).

5. WHILE IDEA OF ACCELERATED REPAYMENT OF EXIM DEBT CANNOT BE CALLED DEAD YET, EMBASSY MAY, IF SUBJECT RAISED, REFER TO CASEY'S COMMENTS TO SALEH AFFIF (PARA TWO) AND STATE THAT MATTER SEEMS TO BE DORMANT. BROWN

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